

MOREHOUSE

COLLEGE

August 5, 2022

Via Electronic Mail

Ann E. Misback

Secretary

Board of Governors of the Federal Reserve System

20th Street and Constitution Avenue, NW

Washington, DC 20551

Chief Counsel's Office

Attention: Comment Processing

Office of the Comptroller of the Currency

400 7th Street, SW, Suite 3E-218

Washington, DC 20219

Federal Deposit Insurance Corporation

James P. Sheesley, Assistant Executive Secretary

Attention: Comments RIN 3064-AF81

550 17th Street, NW

Washington, DC 20429

Re: Question 13, Economic development Provisions of the Community Reinvestment Act Regulations
Docket (R-1769) and RIN (7100-AG29)

To Whom It May Concern:

The following letter is written in response to proposed changes to the Community Reinvestment Act recommended by the Federal Reserve (Red), Federal Deposit Insurance Corporation (FDIC), and the Office of the Currency Comptroller – particularly as it relates to Question 13. The purpose of this letter is to urge that the aforementioned regulatory Agencies retain a separate component for job creation, retention, and improvement for LMI individuals and areas. Additionally, this letter provides feedback urging the Agencies to retain the size and purpose tests for financial intermediaries investing in or lending to businesses with greater than \$5 million in annual revenues (but that still meet the Small Business Investment Company (SBIC) size eligibility standards).

As an Instructor of Entrepreneurship and the Program Coordinator of the Morehouse Innovation and Entrepreneurship Center, I have worked closely with the University Growth Fund and understand firsthand the impact that the program has on students (particularly on Black and Brown students and students from low- or moderate- income backgrounds). Since they've opened an office in Atlanta, the team has hosted several events for students at Spelman and Morehouse including case studies, case competitions, and guest speaker engagements. These opportunities have a widespread impact in teaching students about opportunities in high finance that they may have not otherwise known about. For example, at one of the speaking engagements, UGF brought in Founder and CEO, Donald Hawkins of Kinly (fka First Blvd), a neobank whose goal is to build generational wealth for the Black community. These events have impacted over 200 students outside of the students hired through their program.

The median parent income of Morehouse parents is \$65,900, which is 76% of the 2021 FFIEC Estimated Median Family Income for the Atlanta MSA. The average starting income for UGF graduates is \$106,000. The program has proven to be a successful conduit for job improvement for low- and moderate-income (LMI) individuals and areas. One of the reasons that UGF's graduates are competitive hires is because of the breadth of training and deal exposure during their internship. Removal of the language permitting CRA qualification under job creation, retention, and improvement for LMI individuals and LMI areas inhibits University Growth Fund's ability to give students an expansive experience of venture capital investing to include later stage investments. Not only would it narrow the types of investments students are able to learn from and have exposure to, but removal of the previously mentioned language would also threaten University Growth Fund's ability to function in general and would drastically reduce the ability to impact and improve lives. Banks who are currently able to receive CRA credit for investments in intermediaries such as University Growth Fund are important partners for such funds, and these banks would no longer receive such credit and thus could no longer invest. These ramifications would not only be felt by University Growth Fund, but also by other funds and financial intermediaries with bank investors who are able to invest because they currently receive CRA credit for such investments under the current size and purpose tests and the job creation elements of economic development.

Furthermore, the fund's focus on hiring and training Black and Brown talent from Atlanta's Historically Black Colleges and Universities (HBCUs) and Predominantly Black Institutions (PBIs) is expected to produce cohorts of strong talent to remedy the lack of diversity in investment banking, private equity, and venture capital. According to a McKinsey report, Black employees make up 12% of the entry-level and junior roles but only 5% of senior positions. In venture capital, the numbers are far worse as Black and Brown individuals only represent 3% of the entire industry.

Given the opportunity that University Growth Fund provides for its students to achieve upward economic mobility and the impact in promoting diversity into non-diverse fields, I recommend, in **response to Question 13**, that the **Agencies retain the separate component for job creation, retention, and improvement for LMI individuals and areas (and areas for redevelopment) under the economic development definition**. Specifically, the Agencies should give CRA credit for banks that finance financial intermediaries that lend to, invest in, or provide technical assistance to businesses with gross annual revenues over \$5 million but that still meet the size eligibility standards of the SBIC or SBDC programs and meet the purpose test by supporting job creation, retention, and/or improvement for LMI people, in LMI areas, in redevelopment areas.

Thank you for your consideration.



Lavonya Jones
Instructor of Entrepreneurship
Division of Business Administration and Economics
Morehouse College Innovation and Entrepreneurship Center
Office: (678) 827-2644
Email: Lavonya.Jones@morehouse.edu